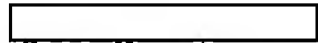


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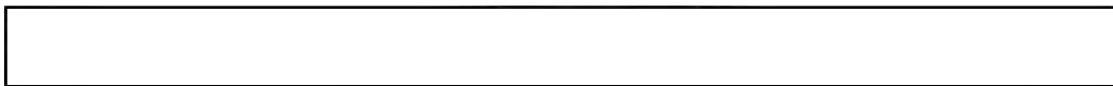


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# CENTRAL INTELLIGENCE BULLETIN



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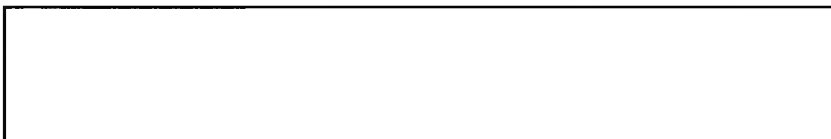
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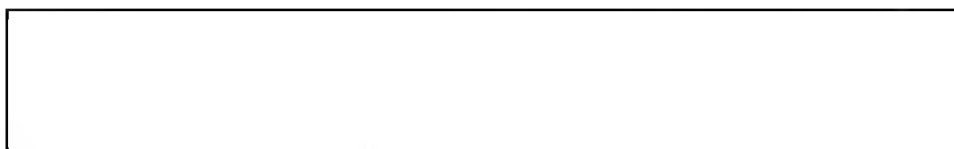
2. Peru: Presidency still uncertain. (*Page ii*)
3. Brazil: Cabinet crisis continues as Andrade resigns. (*Page iii*)

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8. Cuba-USSR: Raul Castro in Moscow possibly to negotiate additional Soviet military aid. (*Page vii*)
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11. India: Overtures for purchase of US destroyer possibly designed to neutralize opposition to acquisition of Soviet aircraft. (*Page ix*)

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\*Peru: An extraordinary convention of APRA party leaders late last night was scheduled to decide whether Victor Raul Haya de la Torre would accede to the military leaders' demand of 2 July that he renounce his candidacy for president and leave the country before 8 July. This demand, in the form of an ultimatum, was delivered to Haya personally through President Prado. [REDACTED]

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[REDACTED] if Haya does not withdraw, a military junta will take over the government, presumably with the intention of installing Fernando Belaunde as President.

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In a meeting early on 3 July with the National Executive Committee of APRA, Haya explained that his withdrawal was the only way to protect APRA's congressional plurality. The committee rejected Haya's offer to withdraw but agreed to present the problem to the extraordinary convention. Reportedly, most of the party leaders in Lima are in favor of rejecting the ultimatum, and Haya has agreed to abide by the convention's decision.

Three months before the 10 June election, the military leaders threatened to prevent Haya's accession to office even if he won more than one third of the popular vote. APRA leaders, who effectively control 80 percent of Peru's organized labor, retaliated with a threat to call a general strike if they believed Haya were "cheated" out of the presidency. Preparations for a strike in several industries have been reported in the press in APRA strongholds in northern and central Peru. A direct confrontation of the Peruvian Army and striking APRA members would result in widespread violence and possibly civil war. [REDACTED]

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\*Brazil: [Brazil's first cabinet crisis under the parliamentary system adopted last September continues as a result of the resignation 4 July of Prime Minister Moura Andrade after one day in office. Andrade's resignation was prompted by a dispute with President Goulart over certain cabinet appointments. The constitution provides that the cabinet is "designated" by the Prime Minister and "nominated" by the President. The dispute reflects a basic power struggle between the presidency and congress which approved Andrade's appointment by a large majority after rejecting Goulart's first choice.]

[Goulart must now nominate a third candidate for the Prime Ministry within three days. If this choice is rejected by the Chamber of Deputies, nomination becomes the prerogative of the Senate. The Senate cannot, however, choose one of the three previous nominees and thus its probable desire to choose Senate President Andrade is barred.]

[Agitation over the cabinet crisis apparently centers in Rio de Janeiro with various meetings or plans for meetings of students, labor leaders and Communists--which support Goulart. The relative isolation of Brasilia, where political negotiations are under way, is restricting agitation there. There are some indications of uneasiness in the army, but the navy and the air force are reported calm.]

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Cuba-USSR: Cuban Deputy Premier and Armed Forces Minister Raul Castro, accompanied by "prominent Cuban military leaders," arrived in Moscow on 2 July at the invitation of the Soviet Defense Ministry, according to a TASS announcement. This is Raul Castro's first visit to Moscow since June 1960, when he apparently negotiated the initial agreement for Soviet military aid to Cuba. [Another agreement apparently was concluded in the summer of 1961 for additional Soviet bloc arms which have been delivered this year. Castro now may be seeking more advanced equipment--such as MIG-21 jet fighters and surface-to-air missiles--which Moscow now is providing to Indonesia, Egypt, and Iraq.]

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France: Premier Pompidou faces a censure vote in the National Assembly debate set for 10-12 July on his request for additional funds for De Gaulle's nuclear weapons program. [The funds are needed because new estimates show that the cost of the Pierrelatte gaseous diffusion plant, which will produce enriched uranium, has risen to ten to twelve times the original estimate of \$110,000,000.]

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Proponents of censure hope for the support of various assembly members who feel that an independent French nuclear force will impede European integration but who have until now refrained from voting against the government for the sake of an Algerian settlement. They argue that there are better uses for "the billions of francs saved in Algeria," and may decide a better election issue is unlikely to arise in this parliament's term. De Gaulle is expected to dissolve the assembly if Pompidou is overthrown, but he might decide to avoid holding elections in August, within the 20- to 40-day constitutional period, by governing for the time being under the constitutional provision for emergency powers.

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[ \*India: Krishna Menon in late June instructed his deputy in charge of defense production to explore the possibility of purchasing an American destroyer to copy for manufacture of these warships in India. Negotiations on such a deal with the British have been under way for some time.]

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[ In seeking US cooperation in some defense project, Menon may be trying to give the appearance of balance in Indian military procurement in hopes of neutralizing opposition to purchases of Soviet equipment in the more critical and sensitive aircraft field. Nehru seems to be in no hurry to reach a final decision on the purchase of MIG-21s, despite intensive lobbying by Menon; there are indications that the government's decision may be deferred until late this month or early August. Meanwhile, consideration reportedly is being given to mixed procurement, involving aircraft from Soviet and Western sources, and greater attention is being focused on the longer range question of manufacturing supersonic aircraft in India.]

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NOTE: The last sentence of paragraph 1 of the brief concerning South Vietnam of the Central Intelligence Bulletin of 3 July (Page ii) should read as follows:

At the same time, persistent reports of heavy infiltration during May and June suggest that the recent Viet Cong military inactivity may be associated with a period of reorganization to assimilate recent infiltrators with existing platoons and companies into new battalions.

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board, on 29 June 1962, approved the following national intelligence estimate:

NIE 13-4/1-62: "Supplement to NIE 13-4-62:  
Prospects for Communist China"

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(Advance conclusions are normally distributed within 24 hours of approval, and the printed text within five days.)

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THE PRESIDENT

The Vice President

Executive Offices of the White House

Special Counsel to the President

Military Representative of the President

The Special Assistant for National Security Affairs

The Scientific Adviser to the President

The Director of the Budget

The Director, Office of Emergency Planning

The Director, National Aeronautics and Space Administration

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

The Treasury Department

The Secretary of the Treasury

The Under Secretary of the Treasury

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Assistant Secretary of Defense (International Security Affairs)

The Assistant Secretary of Defense

The Chairman, The Joint Chiefs of Staff

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Director, Defense Intelligence Agency

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Department of Justice

The Attorney General

The Federal Bureau of Investigation

The Director

The Atomic Energy Commission

The Chairman

The National Security Agency

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The United States Information Agency

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The National Indications Center

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